

# Venture capital corporation investment reporting form

## ND venture capital corporation investment tax credit and deduction [N.D.C.C. ch. 10-30.1 and § 57-38-01.2(1)(q)]

### Purpose of form

This form facilitates the administration of the tax credit allowed under N.D.C.C. ch. 10-30.1 and the income tax deduction allowed under N.D.C.C. § 57-38-01.2(1)(q) for making an investment in a qualified North Dakota venture capital corporation ("corporation"). This form must be filed for each qualified investment—see **Instructions for corporation**.

### Tax credit

The tax credit is allowed to the following taxpayers:

- An individual using Form ND-2 (Optional method).
- An estate or trust using Schedule 2 (Optional method), Form 38.
- A corporation using Form 40.

**Pass-through entity.** A partnership, S corporation, or other pass-through entity is also considered an eligible taxpayer for this purpose. The tax credit is determined at the pass-through entity level and is passed through to the entity's owners in proportion to their respective ownership interests.

**Amount of credit.** The tax credit is equal to 25 percent of the amount invested. The maximum tax credit allowed for all investments in all corporations in a tax year is \$250,000.

The tax credit is first allowed in the tax year in which the investment is paid for in full. (Note: The date on which the investment is paid for in full is the date that must be entered on this form by the corporation.) If the tax credit exceeds the tax liability for the tax year in which the tax credit is first allowed, the excess tax credit may be carried forward up to seven tax years.

An individual who uses Form ND-1, or an estate or trust that uses Schedule 1 of Form 38, is not eligible for the tax credit for the tax year in which Form ND-1 or Schedule 1 of Form 38 is used, nor for any subsequent tax year to which an excess tax credit could have been carried.

### Deduction

In addition to the tax credit, a deduction of up to \$5,000 (\$10,000 in the case of married individuals filing a joint return) of the amount invested is allowed to an individual who uses Form ND-2 (Optional Method), or to an estate or trust that uses Schedule 2 (Optional Method) of Form 38. The deduction is allowed in the same tax year in which the tax credit is first allowed.

**Pass-through entity.** In the case where a partnership or other pass-through entity makes the investment, the amount of the investment must be allocated to the entity's owners based on their respective ownership interests, and the deduction amount must be determined at the individual, estate, or trust level.

### Instructions for corporation

You must complete Parts 1 and 2 of this form for each qualified investment that has been paid for in full. File a copy of the completed form with the ND Office of State Tax Commissioner within 30 days of the date on which full payment for the investment was received.

Give two copies of the completed form to the taxpayer—one to be attached to the taxpayer's North Dakota tax return and one for the taxpayer's files. Keep a copy for your files.

An individual authorized to act on behalf of the corporation must sign this form. To designate an accountant, attorney, or other person to sign this form, obtain and complete North Dakota Form 500 and file it with the Individual Income Tax Section, North Dakota Office of State Tax Commissioner.

### Instructions for taxpayer

The corporation must give two copies of this form to you within 30 days of the date on which you fully pay for a qualified investment. To claim the tax credit, you must attach one of the copies to your North Dakota tax return. Keep the other copy for your records.

### Assistance

#### Call

- 1-800-638-2901 or (701) 328-3450
- TDD/TTY users—Call Relay ND at 1-800-366-6888 (*ask for 1-800-638-2901*)

#### Write to

Individual Income Tax Section  
ND Office of State Tax Commissioner  
State Capitol, 16th Floor  
600 E. Boulevard Ave.  
Bismarck, ND 58505-0599

#### E-mail

individualetax@state.nd.us

## Part 1—Taxpayer information

Name of taxpayer		Social security number or FEIN	
Address	City	State	ZIP code
<b>Payment date</b> —enter the date on which full payment for the investment was received by the corporation ►		<b>Payment amount</b> —enter total amount paid for the investment ► \$	

## Part 2—Qualified venture capital corporation information

Name of corporation		Federal employer identification number	
Address	City	State	ZIP code
Printed name of authorized representative	Title	Signature of authorized representative	Date